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**INSTITUTIONAL DEVELOPMENT
OF THE
MORTGAGE FINANCE AUTHORITY**

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In cooperation with: Mortgage Team (Task 1)**

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Organizational Structuring, Staffing and
Operations

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EXECUTIVE SUMMARY

The following is the final report of a consultancy funded by the United States Agency for International Development (USAID) to assist the Government of Egypt in the development of a mortgage market in the country. The primary objectives of this assignment were to “define the mission and role of the Mortgage Finance Authority, perform a limited assessment of the institutional capacity of the MFA relative to its ability to fulfill the defined mission and roles, and create an institutional development plan based on the institutional capacity assessment.”

As was noted in the interim report, the Mortgage Finance Authority cannot and should not try to accomplish all that has been set forward for it by the law, by itself, and by the expectations of others. The MFA was expected to be a promoter, financier, industry regulator, licensor, research facility, insurer, credit bureau, and consumer protector. These are too many functions, many of which compete with one another.

All of these functions are clearly important for the development of the mortgage market. However, a mission as broad as this puts MFA in the position of managing conflicting objectives and of potentially taking a long time to manage the other objectives. MFA should focus on that part of its regulatory role that will “ensure the efficiency of the mortgage market and safeguard the rights of consumers.”

MFA has a careful balance to achieve in a number of areas. It must balance the stimulation of the market against the need to provide safeguards for the long-term through regulation. It must balance the needs of industry against the rights of consumers. It must balance all of the demands of the emerging mortgage market against its human and financial resources.

Focusing the mission gives the MFA the opportunity to streamline its structure. The recommendations for the organizational structure come from a blend of three international organizations. Based on this analysis, MFA would create two market-oriented divisions, one representing industry and the other representing consumers. Each will have units for technical assistance, training and outreach, as well as others that are more regulatory in nature. These two units will then be supported by three internal units, for legal affairs, for research, and for internal management.

Using these criteria, MFA’s most appropriate roles are in consumer education and protection, and industry development and regulation. Specific areas include:

Consumer

- Standards for consumer mortgage disclosure
- Homeownership training and counseling
- Conflict resolution between consumers and industry

Industry

- Financial regulations and standards for mortgage finance companies

- Monitoring and Enforcement
- Licensing/Regulation of industry professionals
- Training and education

MFA should not get involved in financial issues that could be components of the mortgage market, including the development of secondary market structures, liquidity facilities, mortgage insurance, and bond issuance. However, this could be an appropriate role for another government agency.

Since MFA is an organization in its early stages of institutional development, it must carefully choose which tasks it takes on and which functions it incorporates into its organization. The tasks it chooses should be based on whether they are critical to the market and consistent with MFA's mission. Based on that, MFA should then evaluate whether or not other organizations are actively working on the particular issue and should only get involved, if its role is critical to the market and consistent with MFA's stated mission.

When other government organizations are taking a lead role, it should keep informed and play a supportive role, as it is doing in the registration issue. When there are other organizations to which it can delegate, as it has already begun to do, it should entrust them some issues. When there are best practices and lessons to be learned from other countries, it should adapt those models to Egypt.

To achieve its objectives, MFA will need to build, strengthen and sustain the organization. It has already begun this process, both in terms of short-term assistance to strengthen its operations, in the development of job descriptions and in working with donors to provide funding. As it builds the organization, it should do so in a way that encourages cross-divisional collaboration, inter-governmental cooperation, and a continued dialogue with its key industry and consumer stakeholders.

MFA is currently dependent on the Egyptian government for its revenue. Ultimately, the leaders of the Authority want it to become self sufficient, raising funds through fees from regulated organizations, as well as income from training and other services. While there are indeed regulatory agencies that raise all of their funds from outside of the government, this is unlikely to happen in Egypt in the near future. There are also conflicts that MFA must avoid if it takes this path. Many alternatives are available for the MFA including the opportunity to raise revenues through a cooperative arrangement with another government agency or agencies, these alternatives should be further studied.

PROCESS

In order to place the MFA in the context of the market and of its role within the Egyptian government, the following steps were taken during the first phase of the consultancy:

- Researched publicly available information on the Egyptian mortgage market
- Evaluated studies formerly completed on the MFA
- Reviewed relevant laws and regulations, including Real Estate Law 148 and its executive regulations including recent amendments as well as Presidential Proclamation 277
- Analyzed internal documents and memoranda from MFA and other government agencies
- Interviewed key personnel at MFA, the Ministry of Investment, and the Government Subsidy Fund
- Consulted with key leaders at institutions including commercial and specialized banks, mortgage companies, government organizations, developers, academic institutions and other organizations

This was not intended to be a full-scale analysis of the mortgage market in Egypt. Rather, the background was established in order to help refine the mission of the MFA and to aid it in achieving the objective of helping to develop the Egyptian mortgage market.

During the second phase of the consultancy:

- Interim findings were presented to the Chairman and the Executive Committee of the MFA Board of Directors
- Suggestions made by members of the Board were researched and integrated into the final report
- Staff members at all levels of the organization were interviewed to gain their input into how MFA can be most productive
- Findings of the staff interviews were provided to the Chairman to give feedback on how the existing staff can best be utilized
- A budget model for evaluating future budget needs based on varying staffing and salary assumptions was developed
- The reports findings were presented to the full MFA Board

This final report is intended to guide the MFA on clarifying its mission, refining its structure, establishing new functions, and developing an action plan that will build, strengthen and sustain MFA in the future.

MFA MISSION AND FUNCTIONS

The mission of the MFA, as is stated in Presidential Decree No. 277 for 2001¹, is as follows:

To oversee the mortgage finance affairs and the proper implementation of the Mortgage Finance Law, following up and supervising relevant activities, working for the development of that mortgage market, taking procedures and measures that ensure the efficiency of this market and safeguarding the rights of the market participants.

To be effective, MFA should focus only on the last part of the legislated mission and guide its operations through a more focused mission:

To ensure the efficiency of the mortgage market and safeguard the rights of consumers

Unless MFA's legal advisors believe a legislative change is necessary, our recommendation would be that MFA not divert its resources for a change in the legislation or proclamation, but live within it and delegate authority for tasks that are outside of this mission, to other organizations.

The functions of the Authority should be consistent with the mission, balancing consumer protection and education with regulatory authority and technical assistance. Consistent with the mission, we are recommending the MFA focus on the following functions:

INDUSTRY

CONSUMER

Interact with industry to solve key market challenges	Educate consumers in mortgages and home ownership
Establish standards and regulation and monitor organizations and individuals in accordance with those standards	Resolve consumer complaints
Develop and implement licensing and registration standards and accreditation qualifications	Set standards for documentation and consumer disclosure
Provide training and technical assistance to regulated organizations and individuals	Educate lenders and service providers in foreclosure prevention and loss mitigation

¹ See Appendix: Real Estate Finance Law which includes this decree and Real Estate Law No. 148 (2001)

INTERNATIONAL ORGANIZATIONAL MODELS

Our recommendation for the MFA's new organizational structure derives from organizations in three other countries:

- United Kingdom: Financial Services Authority (FSA)
- United States: Office of Federal Housing Enterprise Oversight (OFHEO)
- Ireland: Irish Financial Services Authority (IFSRA)

Each of these has elements that are applicable to the MFA and others that are not applicable.

United Kingdom: Financial Services Authority (FSA)

The Financial Services Authority has many aspects that can be useful to the MFA. It is an independent organization that regulates the financial markets in the United Kingdom. It receives no government monies for its operations. It has a two-fold mission of ensuring a market that works in "an efficient, orderly and fair manner," while also protecting consumers.

FSA has a much broader mandate than the MFA. It regulates most financial services markets, exchanges and firms. In fact, while the FSA has been the United Kingdom's financial regulator since 2001, the mortgage market was only added to its purview in November 2004.

FSA's revenues come primarily from industry fees. These include application fees, annual fees and fees for special projects that are requested by companies.

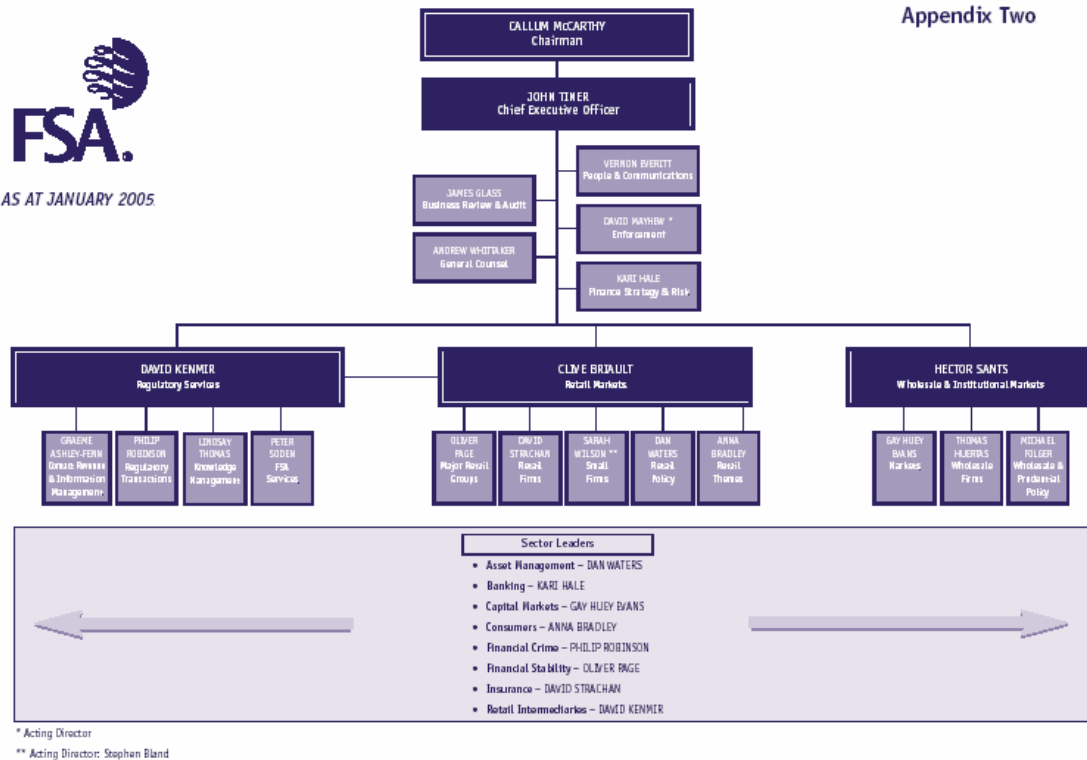
FSA has the ability to sanction firms. It sets the standards that the firms must meet and can "take action against firms if they fail to meet the required standards." The FSA, or its sister organization, the Financial Services Ombudsman, can require firms to pay compensation to their customers. This is an important ability for the MFA to have.

While there are many lessons to learn from the FSA, we recommend that the MFA take a different approach to its structure and only use FSA for part of its structural and operational model. While FSA's public appearance balances consumer and industry interests, that balance is not reflected in its organizational structure. In fact, the top three levels of its organization do not have any divisions or units to represent the interests of consumers.



AS AT JANUARY 2005

Appendix Two



United States: Office of Federal Housing Enterprise Oversight (OFHEO)

The Office of Federal Housing Enterprise Oversight (OFHEO) also has elements that can be incorporated into MFA's organizational design. OFHEO is a part of the federal government, and operates as a semi-independent entity within the federal Department of Housing and Urban Development (HUD).

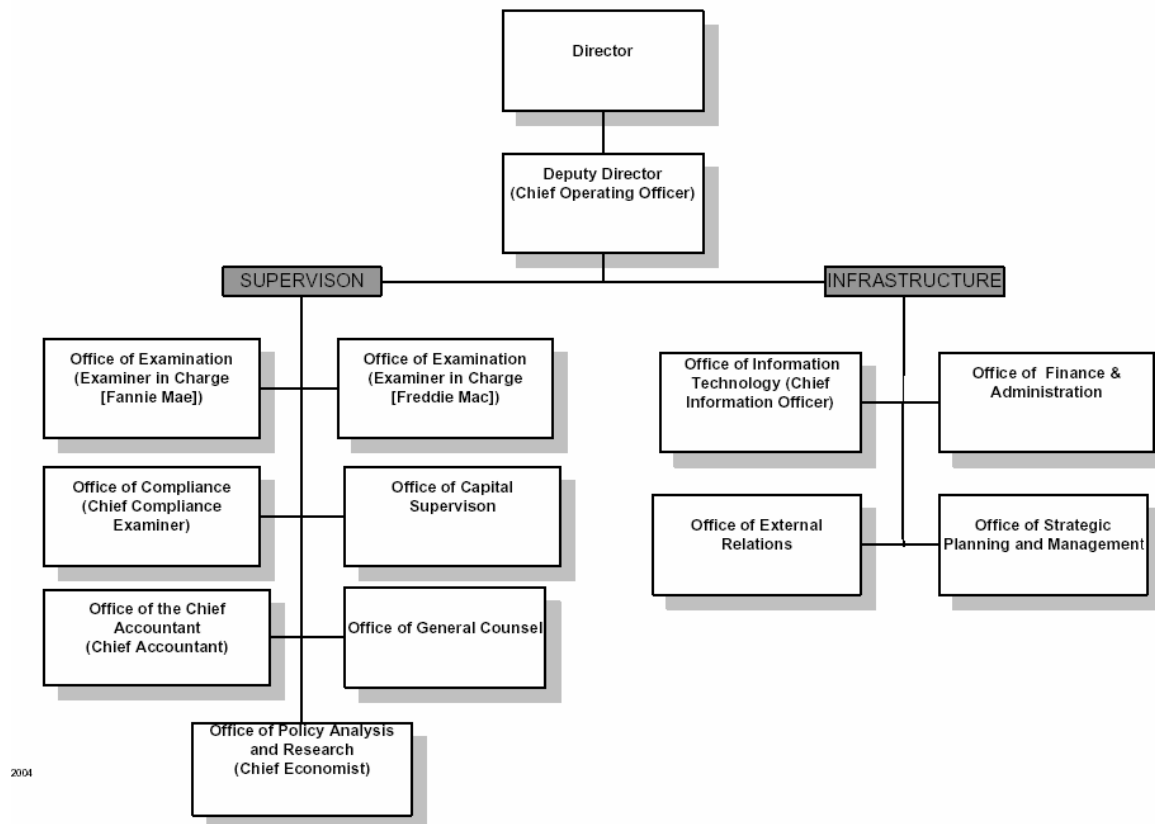
OFHEO is the financial regulator for the secondary mortgage market in the United States. It regulates the capital adequacy and financial safety and soundness of two organizations, Fannie Mae and Freddie Mac. These regulated organizations have tremendous financial strength. Their combined asset value was more than \$2.4 trillion at the end of 2000.

OFHEO does not regulate the secondary market from a social point of view. It sets no standards for low-income borrowers, first time homebuyers, and immigrant families. That is handled by the Department of Housing and Urban Development.

The MFA can use OFHEO as a model in several ways. The first is in its organizational structure in its Industry Affairs and Legal and Legislative Affairs divisions. The emphasis on oversight, regulation and related activities can be integrated as a part of the MFA. The MFA can also use this model of generating revenue for part of its income in the future. The regulated organizations pay a fee, but this goes to the federal treasury and not to OFEHO itself. While this creates an

additional step in its budgeting process, it also creates more neutrality than exists in a model such as FSA's.

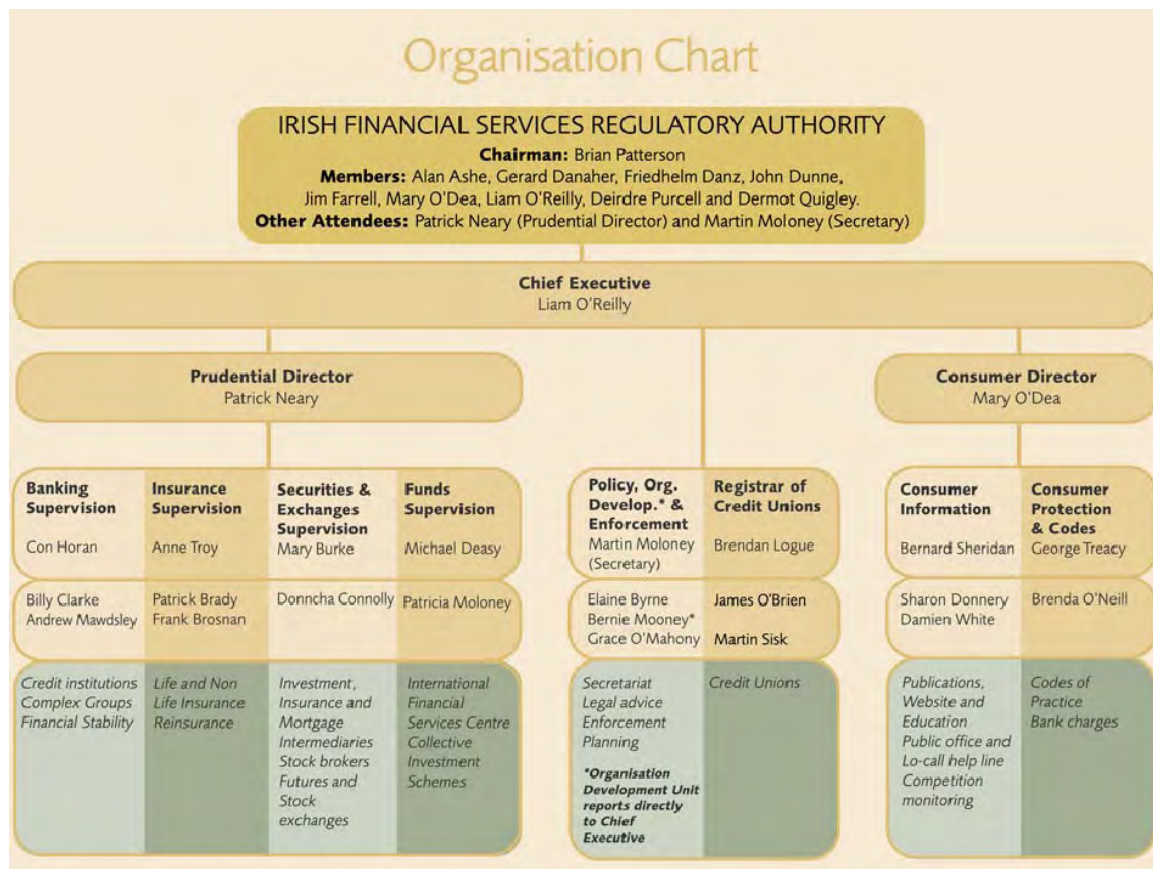
Office of Federal Housing Enterprise Oversight Current FY 2004



Ireland: Irish Financial Services Regulatory Authority (IFSRA)

The Irish Financial Services Regulatory Authority (IFSRA) is a newer organization, having been established on May 1, 2003. Similar to the FSA, the IFSRA is responsible for the regulation of all financial services firms in Ireland. The IFSRA is part of the government, but exists as part of the Central Bank rather than as a part of the housing or investment departments, and depends on the government for operating revenue.

The most important parallel between the IFSRA and the MFA is how its organizational structure reflects its approach to consumers. While the division that regulates industry is larger than that for consumers, it is much more balanced than the FSA.



MFA STRUCTURE

Based on the mission and functions of the MFA, and based on concepts derived from the three organizational models, we are recommending that the organization should be divided into five divisions. Two will be market-oriented divisions, for industry and for consumers. These divisions would then be supported by three other divisions:

- Legislative and Legal Affairs²
- Research, Policy and Analysis
- Internal Management

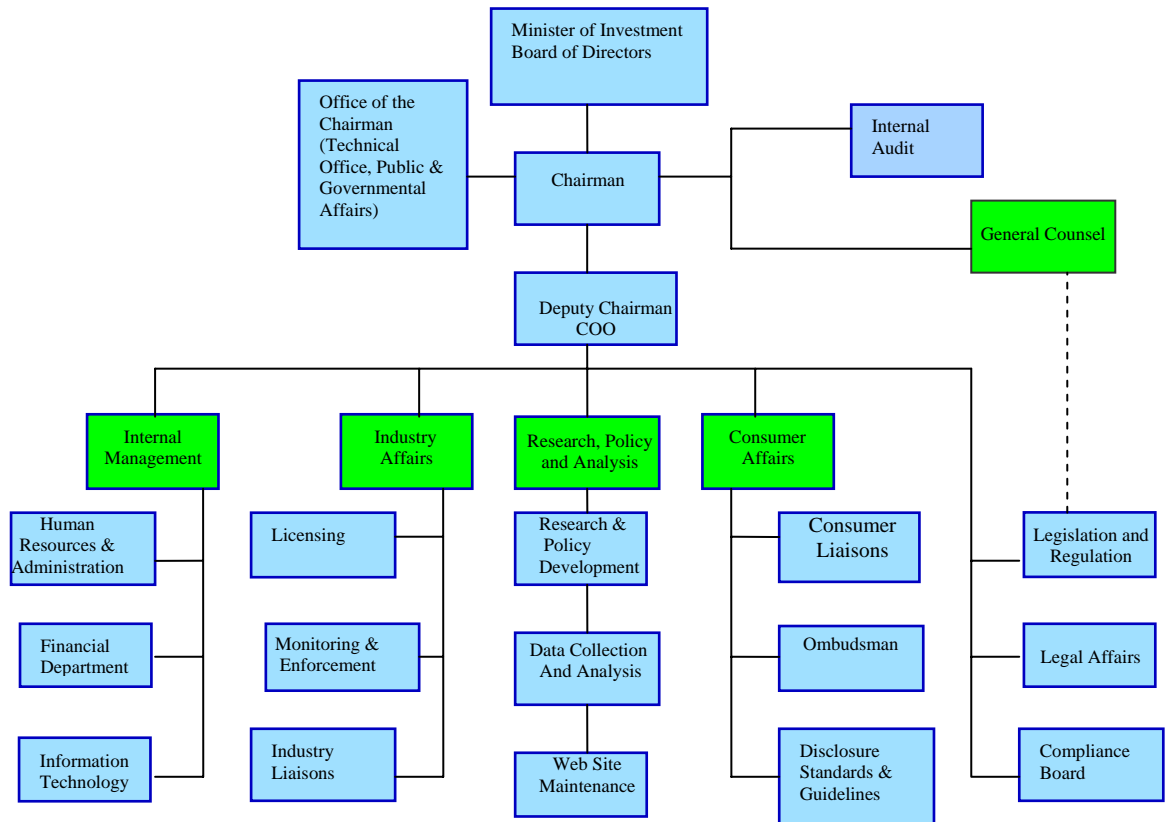
These five divisions will be overseen by a Chief Operating Officer (Deputy Chairman) who will report to the Chairman. The Chairman will set the strategic focus, be the public voice of the Authority and be the key interface with the Board of Directors.³

² Alternatively, this unit could be called Office of General Counsel

³ Job descriptions for the key positions can be found in Attachment 1.

This streamlines the organization, as indicated in the following chart:

PROPOSED MORTGAGE FINANCE AUTHORITY ORGANIZATION



LEADERSHIP

At the top of the organization are the Minister of Investment and the MFA Board of Directors, to whom the Chairman reports. Below the Chairman is the Deputy Chairman, who will function as the Chief Operating Office (COO). They will function in the traditional CEO/COO roles, with the Chairman providing the organization's vision, as well as handling external affairs, and the relations with the Board of Directors. The COO will be responsible for the day-to-day management of the Authority.

The Office of the Chairman (currently the Technical Office) will remain in place. Here the Chairman has his support staff and special advisors. We are recommending that the Chairman integrate government and public affairs into his office. This unit will handle external communications, relationships with other Board

and governmental organizations, and the coordination of stakeholder committees. Integration of this unit will ensure consistency of MFA's message.

We are recommending that MFA form an Office of Internal Audit. This will report to the Chairman and not to the COO. This creates a "check and balance" on the organization, and adds strength to the efficient management and transparency of the Authority.

We are also recommending that an Office of a General Legal Counsel be reporting to the Chairman. This office will be responsible for the development of provision on the legality, regulatory, and compliance related issues where he will technically supervise the legal and legislative affairs, that are administratively reporting to the COO. He will also handle all external legal matters pertaining to the authority.

DIVISIONS

The changes are most apparent in the second tier of the MFA. The streamlined organization will have five divisions and hence, consolidates functions that are currently scattered throughout the organization. The Authority will expand the market-oriented divisions and reduce the emphasis on governmental processes and procedures.

The most significant addition is the Division of Consumer Affairs. Together with its counterpart, the Division of Industry Affairs, the structure of the organization reflects the balance that is stated in the MFA's revised mission.

INDUSTRY AFFAIRS

Industry Affairs will have the responsibility for training and licensing services, for monitoring and enforcement of rules and regulations, and for outreach to the different segments of the mortgage industry. The Division of Industry Affairs will have the greatest workload, given all of the issues necessary in the development and regulation of the mortgage market that are consistent with MFA's mission.

Since the MFA will have broad oversight of the mortgage industry, Industry Affairs will need to have a structure in place for the monitoring and supervision of the mortgage industry. It can look to OFHEO as a model, particularly for the components of the Monitoring and Enforcement unit.

OFHEO has offices for capital supervision, examination (inspection) of the regulated companies, and compliance. Given both the importance and complexity of the mortgage-banking sector, Industry Affairs will need strong expertise. The staff will have to understand finance, know the standards for capital adequacy and be able to see if a mortgage company has an effective risk management system.

While OFHEO has two offices specifically for the management of each of the two regulated institutions, MFA can modify this by having offices for monitoring other types of organizations, such as appraisal firms and mortgage brokers.

Licensing will be a critical component of the MFA's work. This too will not only be applicable to the mortgage companies, but to other service providers as well. This process has already begun. MFA currently has licensed two mortgage companies, as well as a number of appraisers.

MFA will have to implement the standards outlined in the mortgage law, particularly concerning mortgage companies. MFA will likely need additional executive regulations. The Authority will also have to develop the licensing criteria for service professionals as well, including necessary qualifications, training and ethics.

The mortgage market is new and MFA has few resources at this time. To maximize its resources, it can work with companies, professional organizations, and the financial community to set standards, and create and implement training programs. MFA is not likely to have to handle this internally for some time. Even then, it might not be the best use of its resources.

An example of how this can work is in the partnership for appraisal certification and training that MFA has created with Cairo University. Here, the two organizations cooperatively developed the standards, MFA maintains oversight, and Cairo University implements the training program with a recommendation for certification. The Authority retains the ultimate control over whether the criteria for licensing have been met or not.

Throughout the process, MFA will need to work very closely with market-based organizations. Industry liaisons will be the ears and eyes of the market. They will listen to what challenges the industry is facing and work cooperatively with industry to resolve these challenges. They will work closely with the various stakeholder committees and follow through with issues that arise from those committees.

The industry liaisons will need to be flexible and understand several industries to prevent compartmentalization within the MFA. They will also need to work across the divisions when cooperative work is necessary, such as Legal Affairs in the interpretation of a regulation, or with Consumer Affairs in the development of disclosure documents.

In this structure, MFA balances regulation with input from the industry, and regulation with technical assistance and training. It then balances the consumer point of view from its sister division.

CONSUMER AFFAIRS

Most regulatory agencies that work in areas related to consumer finance, place a significant emphasis on consumer protection and education. Some also have

departments or collaborate with other organizations to resolve consumer complaints. Mortgage finance is new to the Egyptian consumer. Anecdotal evidence indicates that one of the barriers to the development of the mortgage market is that consumers know little about mortgages, and, what they know creates apprehension.

The mission of this division is to address these challenges through education, protection, and the reflection of the consumer's interest in documentation and disclosure. It is also to set up a process to resolve complaints between consumers and industry.

Consumer Liaisons will listen to consumers, learn of the challenges, and bring them back for resolution. They will function in a similar manner to liaisons in Industry Affairs. However, since there are not many groups and organizations representing consumers, much of the liaisons' initial work will be to find ways to access consumers, including helping to develop consumer related organizations.

One of the most important functions will be to coordinate a focus group of actual and potential homebuyers. While many in industry and government believe, they know the needs, desires and fears of consumers, focus groups often give valuable information about what consumers are thinking.

As an example, in Guyana, the government believed the lack of borrowing was due to an unwillingness to lend on the part of the banks. In a focus group, consumers stated that their biggest concern was disclosure of private information. Therefore, they would not talk to the banks. Had the government relied on the initial assumptions, it would have gone down the wrong path and delayed the development of the mortgage market.

Another important task will be the development of information explaining mortgages. This is already under development by the MFA and the Ministry of Investment. MFA should look to international examples before publishing this document.

A third function is the development of homeownership training. When a mortgage market is developing, many people have had little experience with mortgage finance and they are often new to the process of homeownership. International experience has shown that families benefit from training in the buying process, financial planning and maintenance. Since this makes them better homeowners, the banks benefit as well.

Although the need for this will occur later, a fourth function is foreclosure prevention. Here, Consumer Affairs and Industry Affairs will work together. When financial institutions quickly reach out to a customer after he or she is late on a payment, the chances of a positive solution are greatly increased. Consumer Affairs can also work to develop non-governmental organizations to counsel homeowners in foreclosure prevention.

The Disclosure, Standards and Guidelines unit will handle another function of Consumer Affairs. There are standards and best practices in many countries for

mortgage terms and for disclosing the specific terms and fees of a mortgage. These can and should be adapted for use in Egypt. An example of this is the Real Estate Settlement Procedures Act (RESPA) in the United States. The document used under RESPA outlines all of the fees, terms and costs of the mortgage. (See Appendix)

Finally, Consumer Affairs, together with Legal Affairs, will develop an Ombudsman's office. In every country, conflicts emerge between lenders and borrowers. While some of these conflicts will ultimately be handled in the courts, having the ability to settle a dispute without going through the legal system will benefit both industry and consumers.

LEGAL AFFAIRS

A Division of Legal Affairs currently exists in the organizational structure. It should remain. Legal issues are critical in the development of the mortgage market and touch virtually every key area: registration, licensing, consumer protection, documentation standards and a host of other areas. In fact, legal and regulatory issues go to the heart of the mission and responsibilities of the Mortgage Finance Authority itself.

Legal Affairs will work cooperatively with the market-oriented units to write executive regulations, provide input to the government on legislation, and help MFA and its partners in interpreting current laws and regulations.

It will serve as the main legal support unit within MFA. It will provide legal opinions, advice and services with respect to all departmental programs and activities. It will also ensure that the operations and work products of MFA are performed in accordance with the law.

In the future, a Compliance Board should be formed within the Office of Legal Affairs. The Compliance Board will take action when there is a lack of compliance or violation of financial or ethical standards by a financial or service organization. It will first attempt to bring the organization or individual into compliance. If that cannot be done, it will have the ability to rescind the organization or individual's license.⁴

RESEARCH, POLICY AND ANALYSIS

This unit will operate as the MFA's "think tank." It will reach out to the business and academic communities for state of the art research, rather than develop all of its materials internally. It will serve as a support unit to the operating divisions when research on best practices and policies is needed. It would maintain a library within the MFA. This unit will also publish an annual report on the state of housing finance in Egypt.

⁴ This is contingent upon MFA being able to take these types of sanctions under Egyptian law.

As the MFA will serve as a centralized collection point for data in the mortgage market, this division will collect the data, analyze it and put it into a format that can be readily understood by the industry and the public. It will only provide aggregated data and will not release the information provided by each individual institution. This unit will also provide information to the Research unit for its annual report.

The research division will be responsible for providing materials for the MFA's web site. The web site will provide an overview of the MFA, its leadership and the Board. It will contain materials provided by the research department, post the documentation, provide consumer and industry information, and publish any other relevant materials.

INTERNAL MANAGEMENT

The Internal Management Division is a consolidation of departments currently responsible for internal management, which are scattered throughout the organization. This is the department responsible for the MFA's internal financial and administrative affairs such as procurement, stores, accounting, personnel, administration, and IT.

An assessment of MFA operations noted many functions that were duplicative and with a heavy emphasis on internal management, as opposed to a market orientation. This is reflected in the current organizational chart. There were also processes and procedures that were lengthy and complex. As an example, it took eight steps to purchase office supplies if the price was greater than LE 200.

This was not the result of MFA's design. Rather, it was to put the MFA in compliance with the processes of the Egyptian government. In the future, MFA will need to redesign its organization chart to reflect the recommended organizational structure, while at the same time meeting the requirements of the Government of Egypt.

The Human Resource and Administrative functions will serve as one unit under the new Division of Internal Management. These functions will consist of personnel affairs such as staff recruitment and selection, employments, payroll, personnel welfare, and staff development. It will also be responsible for the administrative functions such as vehicles operation and maintenance, building appearance and maintenance, service works, security, and archives.

These functions currently are with the finance and accounting unit are Budgeting, Accounting, and Procurement and Stores. These functions include the preparation of the MFA budget, bookkeeping, reviewing before disbursement, treasury, preparation of financial statements and financial reports, the implementation of procurement processes, and managing MFA stores. When the new organization plan is put in place, it will be important to streamline the processes within it.

In both of these cases, it will be important to redesign the functions and processes. This will mean changes in how the units operate and staff. It will also be important for the staff to receive training to adapt to these changes, and to give the existing staff opportunities for growth in the future.

The MFA does not have an information technology unit at this time. A strategic report prepared by two IT professionals has been produced and will be given to the MFA separately. While the institutional development report recommends that information technology be placed under internal management, the IT plan will recommend that it report directly to the Chairman or Deputy Chairman.

DECIDING CRITICAL TASKS: “SWOT” TYPE ANALYSIS

Initial hopes for the MFA were that it would solve many of the challenges facing Egypt’s mortgage market development. While the resolution of these challenges is certainly critical, it was unrealistic to place this entire burden on one organization, particularly one in its initial stages of development and without a great deal of resources. Therefore, the MFA must be realistic about what it should and should not do.

MFA has a number of issues to balance: the needs of industry with those of consumers; the growth of the mortgage market with its regulation; the importance of addressing many challenges and at the same time with a realistic assessment of its resources.

During the preliminary phase of the consultancy, business and government leaders were asked what they felt were the most critical challenges facing the market today. Their most important concerns were:

- Registration
- Affordability
- Income Verification and Mortgage Terms
- Consumer Education
- Regulatory Implementation

In deciding which tasks should be addressed first, the MFA needs to look not only at the importance of the task to the market, but to whether the function is within its mission and to whether there are other organizations could play a lead role other than the MFA.

Depending on how each issue fits these criteria, MFA’s leadership should decide whether it wants only to be informed, to provide input and guidance, or to take the lead.

What is often used in business planning to visualize the priority of tasks is a SWOT analysis that outlines Strengths, Weaknesses, Opportunities and Threats. Since MFA is not in a competitive marketplace, we recommend that a variant of this be used. This outlines functions according to whether the task is within its mission and how many other organizations are working on the task.

MFA “SWOT” TYPE ANALYSIS

	WITHIN MISSION	OUTSIDE MISSION
FEW ORGANIZATIONS	Consumer Education Consumer Protection Industry Regulations and Licensing Industry Training Alternatives to Registration	Mortgage Bond Issuance Mortgage Insurance
MANY ORGANIZATIONS	Mortgage Terms Income Verification Streamlining Registration	Affordability Liquidity Facilities

MFA need not engage directly in housing finance, for example. While few organizations are working on the development of a secondary market, it is not within the mission of the Authority.

Streamlining the registration process is one of the most fundamental issues. However, there are a number of other organizations dedicated to resolving this problem. MFA should keep involved and give input, but should not take the lead. Given its relationship to industry, MFA can and should work with other organizations

and play a more significant role in developing interim alternatives to registration, including qualified titling and lease to own programs.

MFA should take a leadership role in consumer education. This is a critical area, as many experts agree that a lack of knowledge will prevent consumers from taking out a mortgage. It is also in accordance with its mission and few organizations are working on this issue in a significant way, although the Ministry of Investment has been involved in the development of a consumer brochure.

The same factors are true for consumer protection. The MFA will need to establish standards and regulations, as well as a method for resolving disputes.

On the industry side, MFA will need to continue implementing the laws on financial regulation, develop additional regulations, and do so in coordination with organizations, such as the Central Bank. MFA will also continue the process of industry education.

ACTION PLANNING

By using this decision making matrix, MFA can then build on the base that it has started to establish. It can then plan and allocate its resources for the short, medium and long terms. It can do so in a way that all divisions and units are clear about their overall responsibilities.

For the short term, the goal will be to build the organization. MFA will bring in human and financial resources. It will streamline and strengthen its committees, clarify the regulations, continue the training and licensing programs and reach out to consumers. It will also have the division directors that have been hired perform a needs assessment, and develop a preliminary plan for their divisions.

On the industry side, the most important tasks will be to strengthen the regulations for safety and soundness, as well as to develop licensing standards for service providers. On the consumer side, information on housing finance and documents on disclosure should be developed.

These are specific examples of action steps that should be taken in the short term: For many of these steps, information on international best practices has been provided in the appendices on a CD-ROM.

Short Term

General

Board Approval

Most importantly, the missions, structure, and functions outlined in this report will need to be approved by the Board of Directors. Any suggestions or changes should be integrated quickly so the Authority can move forward with its plan and with hiring.

Secure External Funding

A budget for senior positions is currently under development by the Chairman. This is necessary because preliminary estimates show that the budget is not sufficient to cover the costs of the senior positions. The Chairman has been working to develop the internal systems that will permit the funding to be secured. This should be completed shortly.

Hire Deputy Chairman (COO) and Division Directors

Job descriptions for the Deputy Chairman and the Division Directors have been written. The most important position is the Deputy Chairman. Our recommendation is that the Chairman and the Board look to financial institutions for a current or retired senior manager with strong management skills for this position. Concurrently, MFA should recruit and hire the other positions.

Divisional and Unit Level Plans (IT Example)

Each division and unit should develop its own plan, as has been done in information technology. These plans should then be integrated into a business plan for the Authority. The best way to build an effective business plan will be for each of these groups to assess their needs, outline goals and objectives, and evaluate their resources. Ownership of the business plan will help ensure a strong commitment to the plans.

Industry Affairs

Safety and Soundness

This unit can look to the experience of other organizations, such as OFHEO and IFSRA to strengthen the regulation of mortgage institutions. This should include standards on capital adequacy and risk management.⁵

Service Provider Standards

The MFA has already started this activity. An example is the partnership with some universities, which have set training and qualifications standards for the appraisal industry. MFA oversees the process and handles the certification process for training and qualifications of appraisers. This model can be replicated for other professionals, such as real estate agents and mortgage brokers.⁶

Stakeholder Review of Existing Regulations

⁵ See Appendix: Funding Regulation

⁶ See Appendix: Appraisal Information

The MFA already has a committee process. The Industry Affairs liaisons should staff these committees and continue outreach to the industry groups. Many of them have suggestions on how regulations can be improved. This will build goodwill and make the regulatory process more efficient.

Consumer Affairs

Consumer Committee and Focus Groups

The first priority of this Division should be to form a consumer committee represented by those groups and organizations that can best represent the consumer's voice. One task the committee should perform will be to organize a focus group represented by current and potential homeowners that have considered or are considering a mortgage. This will give the committee valuable information on the reasons why consumers are hesitant to apply for a mortgage and to develop products tailored to their needs.

Information

Since mortgage lending is a new industry in Egypt, consumers will have many questions about what a mortgage is, how the application process will work, and what can happen over the life of the mortgage. There are many examples of consumer-oriented information, either in writing⁷ or in training courses for mortgage finance and homeownership⁸. These materials can be very helpful as the brochure is finalized in the short term.

Disclosure, Standards and Guidelines

As mortgage documents are developed, consumers will be well served if they have a signed document that outlines the terms, any fees charged, any prepayment charges, and the costs over the life of the mortgage. An example of this is the Real Estate Settlement Protection Act (RESPA) in the United States.⁹

Medium Term

For the medium term, MFA's goal is to strengthen the organization. In brief, these activities could include:

General

- Integrating the Divisional Business Plan into an MFA Business Plan

⁷ See Appendix: Consumer Mortgage Information

⁸ See Appendix: Homeownership Training

⁹ See Appendix: Disclosure (RESPA)

- Completing Senior Management Hiring
- Providing Mortgage Finance And Regulatory Training for All Staff
- Creating a Strategic Communications Plan and Communicating MFA's Message¹⁰
- Developing a Long Term Funding Plan

Industry

- Developing Procedures for Monitoring and Enforcement¹¹ of Financial Institutions
- Creating Licensing and Fee Standards for Mortgage Brokers, Real Estate Agents, and Other Professionals¹²
- Establishing a Compliance Board¹³
- Furthering Regulations on Standards for Mortgage Loans¹⁴

Consumer

- Developing Regulations:
 - Predatory Lending¹⁵
 - Consumer Fraud
 - Home Inspection
- Establishing an Ombudsman's Office
- Setting Standards for Foreclosure Prevention And Loss Mitigation¹⁶

For the long term, an outline of MFA's objectives includes:

- Securing Long Term Funding
- Becoming an Independent Institution
- Creating a Housing Trust Fund
- Providing Ongoing Training and Development to Industry, Consumers and Industry
- Regulating New Financial Instruments

All of these tasks will involve building and strengthening the legal, research and internal management areas as well. An action plan chart for all of the divisions can be found in Attachment 2.

MFA will need to make the best use of its resources. It can do this, as it is already doing, by cooperating with other government organizations, such as the Ministry of Investment, the Central Bank, the Ministry of Housing, the Ministry of Justice and

¹⁰ See Appendix: Marketing Materials

¹¹ See Appendix: Enforcement Procedures

¹² See Appendix: Service Provider Fees and Standards

¹³ See Appendix: Mortgagee Review Board

¹⁴ See Appendix: Mortgage Loan Standards

¹⁵ See Appendix: Predatory Lending

¹⁶ See Appendix: Foreclosure Prevention

others. When other organizations can take the lead, MFA does not have to. Rather, it can keep informed and involved.

The Authority should also build on the model of appraiser training and certification it has developed with Cairo University. Here, MFA sets the standards, the University develops and implements the training program, and MFA maintains the ultimate authority to license.

When stakeholders can provide solutions, these should be listened to as well. MFA has started this process in the information technology area.

In all of the functions that MFA takes on, it does not have to start everyone from the beginning. There is a wealth of expertise around the world that can be adapted to the specific situations in Egypt. Examples of relevant best practices are included in the Appendices.

HUMAN AND FINANCIAL RESOURCES

While we have outlined our recommendations for the mission, functions and structure of this organization, the ability of any organization to operate rests on the people within it. We will emphasize several key principles as the MFA moves forward:

- The organizational structure needs to reflect the organization's mission and key functions
- MFA should both bring in new talent and provide opportunities for those who have shown dedication, competence and initiative
- Every person's roles and responsibilities must be clearly defined, but flexibility and creativity should be rewarded.
- Teamwork and cross functional cooperation is necessary and will be encouraged
- Staff members should not try to do everything internally, but should reach out to their counterparts in industry and in other governmental organizations, while maintaining oversight

The organizational chart extends from the Chairman and Deputy Chairman to four Division Directors, for whom job descriptions have been written, to 15 units underneath these divisions, including the legal and regulatory functions. As the process moves forward from job descriptions to recruitment and hiring, the MFA should ensure that it is open and transparent with any qualified current employee able to apply for the new positions.

In order to move to the next level of the organization chart, the MFA will need the approval of its leadership on the mission, functions and structure proposed to date. It will also need the approval on the most important priorities. In the internal

management area, it will also need to reorganize how procurement, human resources, and financial processes are handled.

Training is an important function in the development of human resources within the MFA. However, an assessment of the training and development needs of any individual should be based on the job descriptions of a particular job or function. Since the functions of MFA staff will be changing, internal processes reengineered, and new job descriptions written, training plans for specific individuals should be developed at that time.

At a later stage, after finalizing the organizational structure and job descriptions, the existing staff is to be reallocated in adequate positions from where further training and development areas will be recommended, such as:

- Human resources development
- Financial analysis
- Research and planning
- Public services and public relations
- Financial and administrative automated systems applications
- Computer based office applications
- Language training

The current budget provides LE 1,500,000 for salaries, one third of which is for official salaries and two-thirds of which is variable compensation. The base salaries range from LE 97 for Grade 1, which consists of drivers and other support staff, to LE 600 for the Chairman. Using the same fixed/variable ratio in the budget overall, staff salaries range from approximately LE 291 to LE 1800.

The market salaries of similar positions are higher than those paid by the government. Conservative estimates for the senior staff positions alone will be more than the current budget. MFA has been cooperating with the international community in order to secure funding for some of its key positions, as was outlined in the action plan section.

We have developed a simple budget model for the MFA where it can evaluate the budgetary needs based on the number of staff and their salaries. The most effective way to utilize this tool will be to perform a salary survey.

Based on the experience of other regulatory agency, the MFA does not need to grow large to accomplish its mission. In fact, OFHEO only has approximately 160 people in its organization. It is likely that the number MFA will need is between 75 and 125. However, this is not a scientific estimate.

The specific number that MFA will ultimately need is based on the number of functions it decides to handle, the amount of work that is delegated to outside organizations and individuals, the number of staff needed to handle governmental functions and building renovations, and the timing of its activities.

We recommend that the MFA stage the hiring of the positions. This will ensure that there is a good fit between those hired and the longer-term needs of the MFA. In the building stage, the hiring should focus on the COO, the division directors, and the heads of the information and internal management units (eight positions).

MFA also has staff currently on secondment from other government agencies. It also has staff in the Chairman's office and in the information technology office who are currently volunteering. MFA anticipates receiving funds from an international donor for approximately 11 positions. The Authority is also discussing how it can access the skills of short-term consultants. This should cover the short-term needs of the Authority, although it is likely to need to continue the secondment of several individuals.

For the strengthening stage, MFA should hire the 15 unit directors and the retaining or redeploying of the current staff. In doing so, it should consider promoting current personnel who are qualified for the new positions. The results of interviews with the current staff were discussed with the Chairman for consideration in future hiring and promotion decisions.

It is important to note that the MFA will have to manage a very difficult balance. If it pays its staff under the current governmental system, then it will not be able to recruit the kind of new talent needed. On the other hand, if it brings in personnel from the private sector at higher salaries, it will create organizational difficulties, particularly if two people are paid significantly different salaries for similar positions or positions of equivalent grades.

REVENUE GENERATION

In regulatory authorities around the world, the authorities do sometimes generate their own revenue. To finance their work, they charge fees to all authorized firms that carry out activities they regulate. There MFA can potentially generate revenue in a number of ways:

- Fees From Regulated Financial Institutions
- Income from Licensing of Service Providers
- Revenue From Training Industry Professionals
- Monies Received From Fines Or Penalties
- Income From Training And Publications
- Monies From Other Governmental Organizations

The fees the FSA charges include:

- **Annual fees** from the regulated financial institutions

- **Application fees** which are one time fees to cover some of the costs incurred in processing applications
- **Special project fees** where FSA undertakes regulatory activity at the request of fee-payers, and where the benefit of that activity primarily accrues to these firms, such as requests for approval of the sale or transfer of a company.

There is another type of funding mechanism where regulated companies pay fees to the Federal Treasury instead of through a direct assessment from the organization. The funds are then appropriated, authorized and allotted to the regulator from the government. So there is no net cost to the government for the regulator's operations.

This is the case with the Office of Federal Housing Enterprise Oversight (OFHEO) in the United States. "While the (OFHEO's) budget is subject to the annual Congressional appropriations process, it is not funded by tax dollars. Fannie Mae and Freddie Mac bear the full costs of OFHEO's annual budget through an annual assessment based on the operating budget as appropriate. Each Enterprise pays a pro-rate share of the annual assessment."

FUNDING CONCERNS

MFA must approach the idea that planning to generate a significant portion of its operating budget from non-governmental sources of revenue is unlikely to occur in the near future. However, for this to be certain, MFA should perform a study on revenue generation.

First, relying on funding from the regulated industries has the potential to create an organization that is not as independent from the private sector, as it would be if funding the full costs are borne by the government. While this means an outlay of budget capital, the ultimate effect will be to build the governmental infrastructure for the mortgage market.

Second, the mortgage market in Egypt is in its infancy. It will take some time for the market and mortgage institutions to grow. Until they are of a significant size, it is unlikely that there will be enough fees generated to have a significant impact on MFA's budget.

This is different from the organizational models that have been described in this study. For instance, FSA regulates many types of financial institutions. In the U.K., this represents a broad and mature market base. In Ireland, the ISFRA not only regulates mortgage companies, but banks, credit unions, insurance companies, stock brokerage firms, and other financial institutions.

In the United States while OFHEO only regulates two firms in the secondary mortgage market, these firms have a combined asset base of more than two trillion

dollars. OFHEO's operating budget, paid for by Fannie Mae and Freddie Mac, was \$39 million. In other words, OFHEO's budget was approximately one and a half one thousandths of the asset value and off book financing of these two enterprises.

Third, regulatory agencies can and do receive funds from fines placed on organizations and individuals that are out of compliance. However, these should not be used for general operations, as this creates a potential conflict of interest. Planning on these sources of funds as a key part of the organization's revenue base creates an incentive to find and charge for every small violation and reduces the motivation to work cooperatively with the organization to bring it into compliance. It is similar to a police department that depends on traffic tickets to fund a significant portion of its revenue. It motivates police officers to fine drivers no matter how small the infraction.

The organizations we have examined do not use fines as sources of operating revenue. In the case of OFHEO, the organization "collected over \$125 million in civil money penalties from Freddie Mac and other accounting and other corporate executives involved in the accounting and management lapses at Freddie Mac. The civil money penalties are not available to OFHEO to offset the additional costs of supervision or to fund normal oversight functions."

Fourth, and particularly in relation to service providers such as appraisers and real estate brokers, at least some portion of the fees charged will be passed along to the consumers. One of the most important issues in mortgage market development is to try, even in small ways, to reduce fees so that the cost of homeownership is reduced. This is true whether it is registration fees, training costs, or monitoring fees.

Fifth, while it is possible to charge for information and documents, this is generally not done. Providing information helps the industry gain and share knowledge. In virtually all of similar type of websites, research information is free. The exception is highly technical and detailed information about the particular industry that key industry players buy, or from books.

ALTERNATIVE METHODS FOR GENERATING REVENUE

There are ways of generating larger amounts of capital, one of which would separate two functions of the proposed organization into independent or semi-independent organizations, the other that would rely on revenue from other governmental or quasi-governmental organizations.

In the case of the FSA, it does not use the fees for its operations, although they do fund some of the operations of the Ombudsman's Office itself. Its material states that "75% of funding will be raised through case fees, paid by firms whose customers bring complaints to the ombudsman service - and 25% of funding will be raised

through the statutory levy paid by all firms covered by the ombudsman, according to their size and business.”

The MFA could separate the functions of the Office of the Ombudsman and the Compliance Board outside of the operating structure of the MFA. The first could generate its revenue in a manner similar to the MFA.

The Compliance Board could receive its operating capital from sources of revenue similar to the Mortgagee Review Board in the United States. The Mortgagee Review Board (MRB) “oversees the performance of lenders participating in FHA insurance programs. For serious violations, the Board can withdraw a lender’s FHA approval so that the lender cannot participate in FHA programs.” The MRB has the authority to enter into civil settlement agreements and to impose penalties.

While, in the United States, the MRB handles only those mortgage institutions that use federal mortgage insurance, this does not have to be the case in Egypt. The Board could hear cases involving any mortgage company or service provider under its purview. This structure, and that of the Office of the Ombudsman, would be constructed in accordance with Egyptian federal and civil laws.

If the MFA decided to adopt such a structure, any monies over and above the cost of running the two Boards should not go to the operations of the MFA. One option would be to develop a housing trust fund, where the Government of Egypt could develop the policies for its use.

To gain a source of long-term revenue, the MFA could ask the Egyptian Government for an arrangement with other governmental organizations that are or could be involved in mortgage finance. The financial activities could include:

- Mortgage Insurance
- Bond Issuance
- Liquidity Facilities
- Secondary Market Vehicles¹⁷

These activities can generate substantial fees. For example, The Federal Housing Administration (FHA) in the United States is a \$600 billion mortgage insurance fund that covers its operating costs and generates revenue for the United States Government.

Bond issue for mortgage financing is often run by state chartered housing finance authorities.¹⁸ Through fees associated with mortgage revenue bonds and through management of their portfolios, these organizations can also generate revenues over their costs.

¹⁷ See Attachment: Mortgage Finance and Securitization

¹⁸ See Attachment: Housing Finance Authority Financial Statements

Fees can also be charged when a governmental organization plays a role in organizing, pooling and selling mortgages to financial institutions. Domenia Credit, a mortgage bank that was started by the Romanian American Enterprise Fund, plans to pool and sell not only mortgages it originates but also those of other mortgage banks and financial institutions. It expects that more revenue will be generated through this than through the origination of mortgages themselves.

GOING FORWARD

Building an effective organization will occur over a number of years. This report outlined the steps MFA can take. The most important is a strong, focused commitment to a mission that balances the interests of consumers with that of industry and that balances the need for development with a regulatory environment that will keep the market stable.

The structure of the overall organization, of the divisions, and of the units should reflect that mission. There is more work to be done, such as a reengineering of the internal management processes, development of a functional organizational plan that also meets the requirements of the Government of Egypt, surveying the market for salaries, and ensuring that the combination of government and market is handled smoothly and with respect to the staff of the MFA.

MFA's business plan should adapt and change as the organization is reassessed over time, as it gauges the needs of the market. However, as new functions are proposed, the Authority must carefully evaluate whether they are in accordance with the mission and whether they fit the decision matrix.

Since the Authority is building its resource base, it will be necessary to utilize the experience of experts, to create and oversee partnerships with outside organization, and to encourage inter-governmental cooperation. It should also look to best practices both within Egypt and internationally.

Over the long term, MFA should look to building a financial base independent of the government. Some of this can come from internal sources. However, the financial needs will likely be greater and more immediate than the revenue those activities will generate, at least in the near future. This, however, will need to be confirmed through a market study.

However, if the Government of Egypt engages in mortgage finance related activities—as do housing finance agencies around the world -- there will be a significant opportunity to generate revenue. MFA could receive a portion of the revenue. If fines, penalties and settlement agreements are paid to the MFA, these can then go into a Housing Trust Fund and the Government of Egypt can set the policies.

MFA has the opportunity to build an organization that can be a tremendous asset to the development of the mortgage market in Egypt and that encourages its citizens to build a strong, growing financial base. It has already started that process and can continue to develop it in the months and years ahead.

ATTACHMENT 1
JOB DESCRIPTIONS

MORTGAGE FINANCE AUTHORITY
Job Description
Deputy Chairman (Chief Operating Officer)

The Chief Operating Officer will provide strategic leadership in the area of organizational development with the end building a strong organizational structure, management capacity, internal culture and array of staff competencies. He or she will provide the overall vision and direction to the process of building highly integrated business services and systems across the agency capable of delivering greater impact and accountability for all units. The COO will provide forward-looking, imaginative and entrepreneurial management of the core business functions of the agency in human resources, finance, information technology and facilities.

Job Description

- Lead and manage the operations of MFA by establishing established goals, objectives, and policies that will direct the Authority. Execute the vision, direction and priorities set by the Chairman and Board of Directors. Provide direction, structure, motivation and priorities to the Authority.
- In collaboration with other senior staff, lead the agency business planning and budgeting process that includes setting of priorities, coordinating the stakeholders input to achieve common goals, and establishing plans within agreed performance metrics and parameters.
- Ensure the success of MFA's program quality and impact by developing an accountability framework for the agency that provides quality assurance.
- Oversee MFA financial architecture that includes integrated systems for program, and financial management, policies and procedures for improving financial accountability and high quality information systems.
- Work with the Director of Human Resources and Administration to ensure that the human resource team that strives to have a highly motivated and competent work force by establishing a clear strategy for the human resource management that includes compensation philosophy, performance management, employee relations and employee development.
- Oversee MFA's information management architecture that strives to provide high quality, state-of-the-art, integrated information systems that enable the measurement of performance and impact, the effective use of appropriate technology and management of information and knowledge management systems in support of all business operations.
- Establish an organizational and program evaluation function that will assess organizational performance against agreed upon strategic goals and anticipated outcomes.

Qualifications

- Master's degree or higher in business, economic, law or a related field
- Minimum 15 years of progressive management experience
- Full understanding of MFA's mission and strategies
- Strong knowledge of MFA's binding laws and regulations
- Demonstrated experience in strategic decision-making, leadership and operational management at a senior level in a complex organizational environment.
- Experience in leading and participating in strategic and implementation planning exercises and setting tight organizational work priorities and implementation schedules
- Demonstrated success in leading critical business functions at least in the areas of finance, business planning, human resources, information systems and organizational impact assessment.
- Excellent written and oral communication skills
- Aptitude and inclination to coach, mentor, and build a strong management infrastructure of shared values and approach.
- Excellent verbal communication and interpersonal skills and capacity to build a team-based approach to management
- Tact, diplomacy and demonstrated ability to manage confidential information
- Proficient in English and Arabic (verbal and written)

MORTGAGE FINANCE AUTHORITY

Job Description Director of Industry Affairs

This role requires a senior executive with deep industry solutions development experience in the financial services, housing or mortgage industries as well as an ability to manage within a governmental structure. Its function is to lead the MFA in establishing a solid base with the key mortgage industry players and in tapping their expertise to find action oriented solutions.

This role will also require a great deal of operational, management experience, as the incumbent will have the responsibility for growing a significant part of a new regulatory and service agency.

Job Description

- Plan, initiate and conduct industry groups to find action oriented solutions to common challenges
- Provide timely support for the on-going legislatives and regulatory priorities of the MFA, and suggest new programs the MFA might undertake
- Develop active relationships with key MFA stakeholders to develop an agenda to best meet their business needs
- Actively interface with counterparts within the government and in similar regulatory organizations both in Egypt and abroad
- Structure an organization that can be responsive to the market, yet sensitive to consumers

Qualifications

- Advanced degree in business, law or a related field
- Strong background in finance, law, banking or a related discipline
- Minimum of 10 years progressive management experience
- Demonstrated ability to manage a growing organization in a complex environment
- Keen understanding of services provided in the mortgage industry, such as appraisal and underwriting
- Executive level contacts in mortgage and housing related fields
- Familiarity with the major academic, consultant, advocacy group and private industry stakeholders in this field
- Familiarity with the technical aspects of housing, mortgage banking, and finance
- Excellent capacity to manage an organization with a regulatory focus
- Ability to analyze and understand complex inter-governmental and inter-agency problems
- Capacity to establish and maintain effective working with all levels of people and groups
- Outstanding community relations skills

MORTGAGE FINANCE AUTHORITY

Job Description

Director of Consumer Affairs

This role requires a senior executive with solid expertise in consumer protection law or advocacy. It could also be filled by an executive with excellent knowledge of financial services, housing or mortgage industries.

The incumbent will need to be able to manage effectively within a governmental structure. The key function of the position will be to lead the effort of the MFA in establishing an effective consumer protection and information division. This role will also require a great deal of operational, management experience, as the incumbent will have the responsibility for growing a significant part of a new regulatory and service agency.

Job Description

- Develop and lead the development of a consumer focused organization
- Work cooperatively to identify issues and solutions with key stakeholders in industry and government to develop proactive consumer policies
- Promote the use of best practices in consumer relations
- Oversee the development of consumer related publications
- Lead policy development activities on most effective consumer regulatory agencies
- Establish a process to handle consumer complaints
- Coordinate and supervise the work of personnel in a manner conducive to full performance and high morale
- Develop consumer-driven survey projects, including design, implementation, maintenance, dissemination, and reporting of data

Qualifications

- Advanced degree in law, business or a related field
- Minimum of 10 years of progressive management experience
- Expertise in consumer protection or advocacy
- Ability to work cooperatively with industry representatives
- Excellent working knowledge of financial sector products
- Strong knowledge of effective regulatory policies and practices
- Experience in the mortgage industry is highly beneficial
- Ability to analyze and understand complex intergovernmental and interagency problems Solve them using common sense
- Capacity to establish and maintain effective working with all levels of people and groups
- Outstanding community relations skills

MORTGAGE FINANCE AUTHORITY
Job Description
General Counsel
(Director of Legislative and Legal Affairs)

This post covers responsibility for the development of provision on the legality, regulatory, and compliance-related issues. This unit will manage the internal legal counsel to the MFA, representing the MFA in the areas of property, patent, copyright, and general non-governmental and commercial issues.

Job Description

- Ensure compliance with MFA and Ministry of Investment policies and procedures, and national regulations and requirements.
- Provide advice and counsel to the MFA in all legal issues.
- Review and develop operations related legislations and regulations.
- Negotiate, review and prepare agreements in areas of responsibility.
- Refer appropriate legal matters to, and work with, outside attorneys.
- Provide liaison with the MFA primary external legal counsel.
- Provide an oversight and review of litigation undertaken by outside legal counsel employed by the MFA's service providers.
- Provide assistance to the other department managers with respect to legal instruments and programs of activity.
- Develop or modify rules, policies, or standards, etc.
- Represent agency interests on key legislative issues, task forces, committees, etc., and/or draft legislation, find sponsors, propose amendments, etc.
- Track current events, legislation and other issues of interest to the MFA.
- Review legislation to determine impact on the operation of an agency or the Ministry. Gives recommendations regarding implementation of passed legislation

Qualifications

- Minimum of a Bachelors Law degree from an accredited law school
- At least 10 years of experience as a practicing attorney
- Full knowledge of MFA mission and its binding laws
- Excellent managerial skills
- Skills of negotiation, time management and organization
- Proven high levels of communication skills
- Computer literate (Internet and Microsoft Office)
- Proficient in English and Arabic (verbal and written)

MORTGAGE FINANCE AUTHORITY
Job Description
Director of Research, Policy, and Analysis

This post covers responsibility for the development of provision of research, policy, and scenario-planning services, both for internal and external purposes, together with the provision of data services to members of the board and fellow employees, and data services provided to government and other agencies. In addition, it covers the development of new products/services to exploit the value of MFA data. The work undertaken should ensure that MFA has market and statistical data capable of supporting key business decisions and of providing accurate and effective responses to requests for information.

Job Description

- Will provide policy analysis and decision support to the Deputy and Chairman of MFA.
- Develop a research agenda based on MFA mission, strategies, and future needs.
- Manage the Research and Statistics budget in accordance with agreed guidelines.
- Develop professional research facility that delivers high quality findings to key stakeholders.
- Provide accurate data and associated data services to member institutions at defined dates and times.
- Constantly develop and oversee implementation of web site contents.

Qualifications

- Minimum of a Bachelors Degree in research, policy, or statistical reporting or a related field
- Minimum of 7 years experience of managing and motivating a team of highly qualified professional staff
- Good understanding of business operations
- Skills of negotiation, time management and organization
- Proven high levels of communication and presentation skills
- Proven IT skills including Internet and Microsoft Office
- Excellent managerial skills
- Ability to make independent decisions
- Strong relevant technical background
- Proficient in English and Arabic (verbal and written)

MORTGAGE FINANCE AUTHORITY

Job Description

Director of Internal Management

The Director of Internal Management will serve as an integral part of MFA's management team providing the leadership, management, strategic-level thinking, and vision necessary to ensure that MFA has the proper procedures and people systems in place to ensure compliance, effectively grow the organization, and ensure operating efficiency.

He or she will oversee functions that include human resource, financial accounting, budgetary planning and information technology. He or she will both design and implement key systems to ensure that the organization is financially accountable and manages to its plan, and to all relevant laws and regulations

Job Description

- Suggest appropriate financial and administrative policies according to MFA strategy.
- Prepare MFA annual budget in coordination with other departments.
- Assure the compliance of the accounting records and registers with the accounting standards and the relevant laws.
- Design and implement solid control systems over MFA investments and properties.
- Maintain an integrated accounting system and documentation cycles to ensure internal controls and compliance with organizational policies and procedures.
- Revise and approve the financial statements prepared by the accounting department.
- Revise and approve periodic financial reports on the MFA revenues and expenditures.
- Prepare financial studies and analysis reports needed by top management.
- Develop the organizational chart according to MFA development requirements.
- Human resource planning emphasizing MFA needs and available resources
- Develop and implement personnel policies in conformity with related laws.
- Assure the implementation of appropriate procedures concerning personnel related issue such as hiring, personnel evaluation and appraisals, and training courses
- Provide top management with recommendations on enhancing personnel performance and productivity.
- Design and implement an administrative system ensuring a suitable work environment.
- Participate in IT development planning.
- Oversee IT department performance ensuring it is best serving MFA needs and requirements.

Qualifications

- Bachelor's degree in Commerce – major in Accounting (preferably a master's degree in Finance and/or business and administration)
- 15 to 20 years experience in both financial and accounting department, and human resource and administrative department.
- Full knowledge of the MFA mission and its binding laws
- Experienced in business and governmental work environment
- Ability to develop the current systems and overcoming its weaknesses
- Ability to guide and train personnel
- Ability to build good intra-departmental relationship
- An analytical personality
- Good communication skills
- Computer literate (especially in Financial and HR applications)
- Proficient in English and Arabic (verbal and written)

MORTGAGE FINANCE AUTHORITY

Job Description

Manager of Licensing

The Manager of Licensing will develop implement licensing standards in an array of professional areas related to real estate and mortgage finance, including appraisal, real estate brokerage, mortgage brokerage, and titling. The incumbent will also be responsible for developing partnerships with industry, professional associations and the academic community to establish standards for qualifications, training and ethics.

This role will also require experience managing professionals and, will have the responsibility for developing this unit of the Mortgage Finance Authority.

Job Description

- Working with professional and academic organizations to develop standards and qualifications for licensing, including qualifications, pre-licensing education, testing, background checks, application process, certification process, and continuing education requirements
- Assessing individual's and firms qualifications to meet licensing criteria
- Assisting and overseeing the development of training programs
- Preparing and leading visits to firms and market professionals, develop and maintain licensing processes and practices
- Handling inquiries from firms and individuals in a range of licensing issues
- Building and maintaining relationships to facilitate effective supervision
- Supporting and assisting in the development of colleagues and
- Sharing knowledge of best practices in one or more of the following areas of service provisions: appraisal, real estate brokerage, mortgage brokerage, and titling

Qualifications

- Advanced degree in business, law or a related field
- Minimum of 10 experience in as a professional providing services to the real estate industry
- Experience in licensing of professional services is beneficial
- Keen understanding of services provided in the mortgage industry, such as appraisal and underwriting
- Strong communication and interpersonal skills, with the ability to build and maintain relationships with senior contacts at firms, stakeholders and colleagues
- The confidence to manage demanding situations
- Ability to manage and a large number of competing demands into priority
- The drive to work independently yet closely with team members and staff from across the MFA, to deliver results and pragmatic solutions to firms and
- Willingness to take on new responsibilities and keen to develop their knowledge and skills

- Ability to assimilate large amounts of complex information, to identify and present the key issues in a persuasive way, and to develop corrective strategies

Training and Development

The incumbent will be responsible for ensuring the ongoing training of the Office's staff. This should include training in licensing processes and procedures, mortgage finance, public information, management of training programs. Specific training should also be given in establishing codes of ethics, qualifications, training programs and certification of service professionals.

MORTGAGE FINANCE AUTHORITY

Job Description

Manager of Monitoring and Enforcement

This role requires a skilled professional with experience in the regulation of financial institutions. The incumbent will develop, implement and revise the standards for monitoring regulated institutions. He or she will then hire a team of monitors and inspectors who will ensure the compliance with all applicable laws and regulations. A financial safety and soundness and ethical management will be key components of this office.

Job Description

- Issuing regulations concerning capital adequacy, risk based stress tests, and other relevant standards to ensure the safety and soundness of the mortgage market
- Conducting and supervising risk analyses including the gathering and analysis of information from the firm, with a view to assessing the business and control risks being run, identifying any weaknesses and determining the appropriate course of action
- Supervising field monitors and inspectors
- Taking enforcement actions when necessary and appropriate
- Setting up, implementing and monitoring appropriate risk mitigation programs
- Establishing and maintaining strong relationships with senior management at a wide range of firms
- Developing an in-depth knowledge of the MFA regulations in order to handle inquiries from a number of firms on a range of supervisory issues
- Contributing to the overall development and ongoing maintenance of regulatory and supervisory processes and practice

Qualifications

- Advanced degree in finance, law, economics or similar relevant discipline employment experience
- Advanced knowledge of principles, policies, and procedures for ensuring safety and soundness
- Minimum of 10 professional or academic experience employment experience that provided the applicant with the ability to identify, measure, and manage risk
- Ability to effectively communicate technical/complex information in a clear, concise manner
- Demonstrated skill in conducting interviews and meetings with various levels of management and staff
- Strong analytical skills with the ability to analyze complex, often confidential, information, identify relevant issues and devise strategies to resolve them
- Strong, confident, communication and interpersonal skills, both written and oral
- Excellent analytical ability numerical skills

- The ability to build and manage relationships with senior management at firms and colleagues across the MFA
- The ability to balance and manage a large number of competing demands
- The ability to supervise technical staff
- A willingness to develop training and development program for all staff in this unit

Training and Development

The incumbent will be responsible for ensuring the ongoing training of the Office's staff. This should include training in financial statement evaluation, accounting, inspection of regulated institutions, risk analysis, credit analysis, capital adequacy, as well as best practices in regulatory enforcement.

MORTGAGE FINANCE AUTHORITY

Job Description

Manager of the Office of Industry Liaisons

This office will be the ears and eyes of the mortgage market. Its representative will listen to what challenges the industry is facing and work cooperatively with industry to resolve these challenges. The incumbent will work closely with the various stakeholder committees and follow through with issues that arise from those committees. It will also provide technical assistance to a wide range of industry organizations.

Job Description

- Work closely with MFA's industry committees to listen to and resolve industry concerns
- Provide technical assistance to individuals and organizations in the regulatory process
- Create partnerships with industry groups and the academic community to develop training programs for industries including appraisal, mortgage brokerage, and real estate brokerage and titling.
- Review current regulations to find methods of streamlining the processes
- Provide input to other MFA divisions as new regulations are developed
- Build cooperative relationships with Consumer Affairs and Legal Affairs to create positive solutions when challenges arise
- Hire, supervise and train capable field staff

Qualifications

- Advanced degree in business, law or a related field
- Minimum of 10 experience in the real estate, professional services, development, or education field
- Keen understanding of the process of consumer lending
- Experience in management of a regulated industry is beneficial
- Strong communication and interpersonal skills, with the ability to build and maintain relationships with senior contacts at firms, stakeholders and colleagues
- Ability to manage and a large number of competing demands into priority
- The drive to work independently yet closely with team members and staff across a wide variety of industry groups, government and the MFA

Training and Development

The incumbent will be responsible for ensuring the ongoing training of the Office's staff. This should include training in regulatory processes and procedures, mortgage finance, public information, management of training programs, and specific training in the regulated service industries.

MORTGAGE FINANCE AUTHORITY

Job Description

Manager of the Office of Disclosure, Standards and Guidelines

This office will be responsible for developing standards for documentation on mortgage loans and other documents related to the lending process. The incumbent will work collaboratively with industry and consumer groups to achieve consensus. He or she will also provide guidance to a wide range of groups on best practices in lending standards.

Job Description

- Develop standardized documentation for disclosing the terms and costs of mortgage loans
- Establish baseline guidelines for mortgage underwriting
- Work with financial industry representatives to create statement on the difference between sub-prime lending and predatory lending
- Provide guidance to individuals and organizations
- Hold workshops with industry and consumer representative on best practices in documentation to benefit financial institutions and consumers
- Create standards and guidelines for preventing conflict of interest between lenders, real estate brokers, appraisers and other service providers
- Hire, manage, and train qualified staff

Qualifications

- Advanced degree in law, business or a related field Minimum of 10 years in financial services or consumer lending
- Familiarity with underwriting and loan documentation
- Ability to translate complex policy positions into clear information and documentation
- Experience in alternative dispute resolution and/or judicial resolution
- Capacity to establish and maintain effective working with representatives of a range of industry and consumer groups
- Familiarity with international best practices on loan documentation and compliance
- Excellent supervisory and interpersonal skills

Training and Development

The incumbent will be responsible for ensuring the ongoing training of the Office's staff. This should include training in mortgage lending, underwriting, credit evaluation, predatory lending, and documentation used in both primary and secondary markets.

MORTGAGE FINANCE AUTHORITY
Job Description
Manager of the Office of Consumer Liaisons

The aim of this office is to provide consumer information and education about the costs, risks and benefits of mortgage finance and homeownership. It will support positive developments that expand and increase opportunities to open access to mortgage finance. The incumbent will be responsible for working cooperatively with consumer organizations, governments and industry to devise programs for the education of consumers.

Job Description

- Form consumer committee with composed of individuals and groups representing the rights of consumers
- Produce information informing consumers about the benefits and costs of mortgage finance
- Monitor the mortgage finance market to evaluate current and new products from a consumer perspective
- Raise the public awareness of mortgage finance and homeownership
- Work cooperatively with industry, academic and non-governmental communities to develop homeownership training and counseling programs
- Seek best practices in loss mitigation and foreclosure avoidance and work with financial institutions to implement those programs
- Assist in the creation non-governmental organizations to support new homeowners
- Hire, manage and train field staff

Qualifications

- Advanced degree in business, law, education or a related field
- Ten years of experience in education, training and/or marketing
- Experience implementing consumer education programs
- Understanding of financial services and particularly financial issues facing consumers
- practical experience in consumer education in banks, insurers or intermediary firms would be beneficial
- Expertise in consumer protection or advocacy
- Ability to work cooperatively with consumer and industry representatives
- Capacity to establish and maintain effective working with all levels of people and groups
- Outstanding community relations skills
- Strong supervisory and team building skills

Training and Development

The incumbent will be responsible for ensuring the ongoing training of the Board's staff. This should include training in homeownership counseling, predatory lending, loss mitigation, mortgage finance and public outreach.

MORTGAGE FINANCE AUTHORITY
Job Description
Manager of the Office of the Ombudsman

The role of this position is to develop and manage and Ombudsman's Office. This office will create an alternative dispute resolution to settle disputes between consumers and regulated institutions in a quick and cost-effective way. He or she will create the procedures and protocols for mediation. This role will require an individual with strong legal or mediation skills.

Job Description

- Develop a process for mediation, including a mediation agreement, documentation needed, costs, and methods resolving complaints quickly and effectively.
- Create Look for opportunities for early termination of disputes, within agreed levels of authority
- Provide guidance procedures and determine if other sources of assistance are available
- Supervise staff who will liaise with customers, firms and other outside bodies to obtain additional information or documentation and maintain accurate records of action taken in accordance with procedures

Qualifications

- Advanced degree in law, business or a related field
- Minimum of 10 years in law or mediation
- Practical experience in compliance in banks, insurers or intermediary firms combined with a strong consumer protection ethos
- Experience in alternative dispute resolution and/or judicial resolution
- Capacity to establish and maintain effective working relationships with all levels of people and groups
- The ability to analyze complex, confidential information and identify relevant issues and devise strategies to resolve them
- Excellent supervisory skills

Training and Development

The incumbent will be responsible for ensuring the ongoing training of the Office's staff. This should include training in alternative dispute resolution, consumer mediation, settlement procedures, public information and law.

MORTGAGE FINANCE AUTHORITY
Job Description
Manager of the Office Research and Policy Development

This office will have responsibility for research related to the regulation of the housing market and the debt market supporting home ownership. This individual will work with MFA staff, industry representatives and other industry associations in developing new research initiatives. He or she will be responsible for acquiring state of the art research into fields related to the MFA's mission.

Job Description

- Collect and disseminate information on international best practices
- Work with MFA leadership in establishing research priorities
- Provide timely support for the on-going legislative and regulatory priorities of the MFA
- Develop active relationships with MFA stakeholders to develop a research agenda to best meet their needs
- Plan, initiate and contract for research on topics related to the housing and mortgage finance industries
- Advise on methodology and ensure the quality of economic analyses of policy undertaken within the MFA, both for internal decision-making and for the MFA's published consultation papers
- Maintain a program of high-quality research into policy-relevant aspects of behavior in financial services markets
- Work closely with the academic and donor community to acquire studies that can be applicable to Egypt

Qualifications

- Advanced degree in business, finance, law, economics or similar field
- Strong background in finance research or in a related economics discipline,
- Familiarity with the major academic, consultant, advocacy group and private industry researchers in this field
- Excellent communication and interpersonal skills
- The ability to write for technical and industry audiences, the ability to present cogent and concise information to groups of senior executives,
- An ability to work independently, when necessary, and manage multiple assignments and competing priorities
- Exceptional analytical and problem solving abilities and attention to detail

Training and Development

The incumbent will be responsible for ensuring the ongoing training of the Office's staff. This should include training in: International mortgage lending, economic policy and methodology, financial industry regulation and best practices in the licensing of industry professionals.

MORTGAGE FINANCE AUTHORITY

Job Description

Compliance Board

The Compliance Board aims to ensure the mortgage industry acts in a way that is clean, transparent and fair. It will protect market participants from the misuse of information or other abusive practices. It will provide a non-judicial mechanism for regulated institutions to present institutions with a hearing in the event that sanctions have or will be taken against them.

Job Description

- Develop standards, guidelines and procedures for the operation of the Board
- Issue a code of conduct to help market participants decide what types of behavior are market abuse
- Together with the Director of Legal and Legislative Affairs, seek any legislative changes needed to ensure the proper functioning of the office
- Develop standards for taking action on abusive or predatory lending or other violations of MFA regulations
- Produce public information for both consumers and industry on ethical practices
- Hold settlement hearings from firms and individuals facing sanctions
- Hire capable staff dedicated to fair and impartial practices

Qualifications

- Advanced degree in law, business or a related field
- Minimum of 10 years in law or mediation
- Practical experience in compliance in banks, insurers or intermediary firms combined with a strong consumer protection ethos
- Experience in alternative dispute resolution and/or judicial resolution
- The ability to analyze complex, confidential information and identify relevant issues and devise strategies to resolve them
- Excellent supervisory skills

Training and Development

The incumbent will be responsible for ensuring the ongoing training of the Board's staff. This should include training in alternative dispute resolution, evaluation of financial statements, regulatory enforcement, settlement procedures, and law.

ATTACHMENT 2
ACTION PLAN CHART

MFA Action Plan

Action Plan	Year 1									Year 2		
	Q 2			Q3			Q4			Q1		
	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3
<u>General</u>												
<u>Short Term</u>												
* Board approves mission, organizational plan, and next steps												
* Chairman secures external funding												
* Recruit and hire COO												
* Streamline and strengthen committee process												
* Recruit and Hire Division Directors, with emphasis on Consumer and Industry												
* Division directors develop division level plans (IT example)												
<u>Medium Term</u>												
* Hire balance of division and unit level directors												
* Integrate division level business plans into MFA business plan												
* Develop operating policies and procedures for all divisions and units												
* Design system for staff and management accountability												
* Provide training to all staff in housing finance and regulation												

Action Plan	Year 1									Year 2		
	Q 2			Q3			Q4			Q1		
	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3
* Devise public relations campaign in cooperation with banks												
* Develop plan for raising revenue through fees and services												
* Develop plan for long term funding in cooperation with other government organizations.												
<u>Long Term</u>												
* Implement funding plan												
* Plan for formal separation from the government												
<u>Internal Management</u>												
<u>Short Term</u>												
* Governmental approvals on recruiting for key positions												
* Reengineer the human resource, financial, and procurement processes												
* Create the governmental process flow chart.												
* Review and develop internal policies, procedures, and documentation cycles for all the departments within the MFA												
* Perform salary survey												

Action Plan	Year 1									Year 2		
	Q 2			Q3			Q4			Q1		
	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3
* Develop budget based on revised structure												
* Design organizational chart to meet Government Approval												
<u>Medium Term</u>												
* Allocate existing staff in sub-divisions.												
* Create manuals for each department including department functions, job descriptions, procedures, documents flows and line of authorizations												
<u>Consumer</u>												
<u>Short Term</u>												
* Establish Consumer Committee												
* Hold consumer oriented focus group												
* Develop consumer materials												
- Finalize informational brochure on mortgages												
- Contract for homeownership training												
* Develop disclosure document (RESPA)												
<u>Medium Term</u>												
* Promulgate regulations on consumer protection												
- Disclosure												

Action Plan	Year 1									Year 2		
	Q 2			Q3			Q4			Q1		
	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3
- Predatory Lending												
- Fraud												
- Ombudsman's office												
* Develop regulations on inspection, particularly in regard to fraud and to conflict of interest												
* Develop materials on loss mitigation and consumer protection												
<u>Long Term</u>												
* Establish and staff Ombudsman's office												
* Banks jointly fund foreclosure prevention												
<u>Industry</u>												
<u>Short Term</u>												
* Stakeholder review of existing regulations												
* Streamline and strengthen committee process												
* Establish standards, training courses, ethics and qualifications and process for real estate brokers												

Action Plan	Year 1									Year 2		
	Q 2			Q3			Q4			Q1		
	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3
* Refine and evaluate need for new regulations for mortgage license approval: - Capital adequacy - Risk management, including credit, deflation and interest rate stress tests - Management - Fraud prevention and disclosure												
* Coordinate overall policies with Central Bank <u>Medium Term</u> * Cooperate with other organizations to develop alternatives to registration * Develop monitoring procedures for supervising financial institutions * Establish standards, training courses, ethics and qualifications and process for mortgage brokers, inspectors and title companies * Seek authority to sanction, disbar, suspend, fine, civil agreements												
<u>Long Term</u> * Develop procedures for monitoring service providers												

Action Plan	Year 1									Year 2		
	Q 2			Q3			Q4			Q1		
	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3
<ul style="list-style-type: none"> - New financial instruments - Other types of mortgages, such as rehabilitations loans - Other services, such as credit bureau 												
<u>Research</u>												
<u>Short Term</u>												
* Establish protocol for mortgage database												
* Establish web site												
* Solicit articles for publication on the web site												
<u>Medium Term</u>												
* Implement mortgage data base												
* Provide support to other units in best practices												
* Upload all consumer and industry materials onto the internet												
<u>Legal</u>												
<u>Short Term</u>												
* Create intergovernmental legal advisory committee												

Action Plan	Year 1									Year 2		
	Q 2			Q3			Q4			Q1		
	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3
* Work with Industry Affairs and Stakeholders to eliminate constraints												
<u>Medium Term</u>												
* Delegations of authority to other organizations, for activities such as merger and liquidation applications												
* Cooperate with organizations developing laws and regulations on foreclosure												
<u>Long Term</u>												
* Establish Compliance Board												
* Cooperate in the development of additional laws and regulations												